U1245-3

SERVICE SECTOR INDICATORS

Center for International Business Cycle Research
Columbia University Business School, New York, New York 10027 (212) 280-2916

Dr. Geoffrey H. Moore, Director

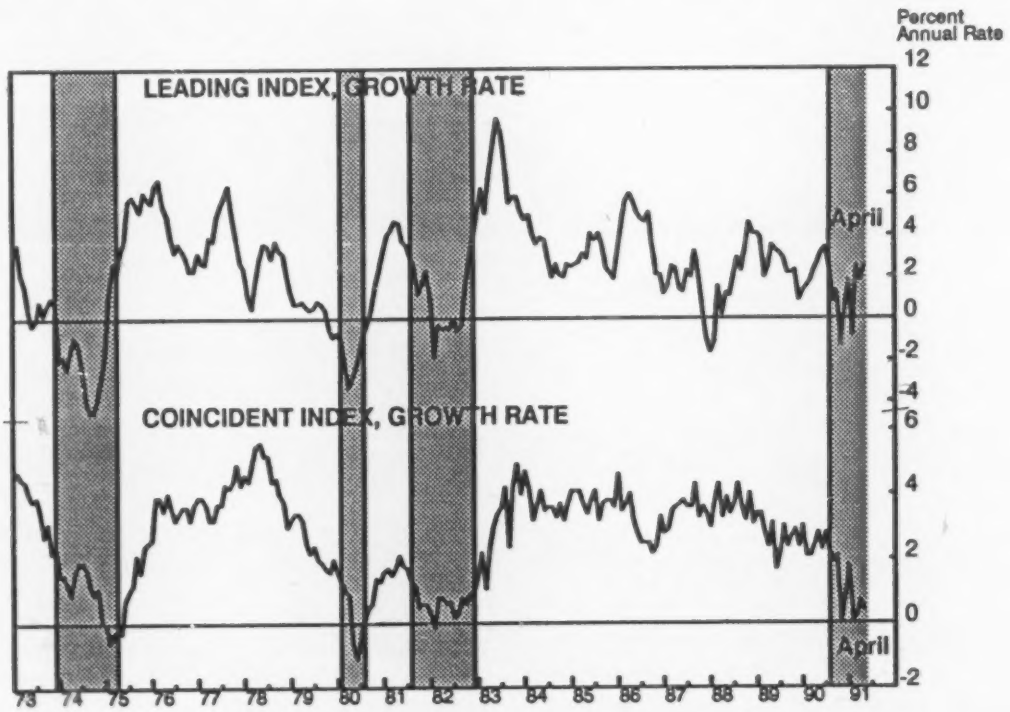
May 1991

SERVICES LEADING INDEX RISES

The leading index of service sector activity, compiled by the Columbia Business School's Center for International Business Cycle Research (CIBCR), rose from a revised 167.3 in March to 168.1 in April, while its annualized growth rate rose from a revised 1.8% in March to 2.5% in April. The index was pushed up by rises in construction contracts for commercial buildings and in stock prices in services, offset in part by a drop in the average workweek in services.

But the coincident index of service sector activity confirmed that services activity was not yet out of the doldrums, as it retreated to 193.1 in April from 193.2 in March, while its smoothed annualized growth rate fell from 0.7% in March to 0.4% in April. The drop was caused by declines in labor income and employee hours in services, partly offset by a rise in personal consumption expenditures in the service sector.

The rise in the leading index is encouraging, but needs to be followed by stronger advances to signal a healthy recovery in the service sector.



Shaded areas represent business cycle recessions.

LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index* (1967-100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87-100)	Profit Margins, Services (cents per dollar)
	1.	2.	3.	4.	5.	6.
1990:						
Jan.	163.6	1.5	32.61	824r	116.5	4.36
Feb.	164.1	1.8	32.74	746r	112.1	4.44
Mar.	164.9	2.3	32.76	719r	114.6	4.49
Apr.	165.6	2.7	32.81	738r	113.8	4.54
May	166.3r	3.2r	32.76	743r	117.3	4.59
June	166.8	3.4	32.83	670	121.2	4.57
July	166.3	2.4	32.78	579r	118.5	4.54
Aug.	165.1	0.8	32.66	590r	106.0	4.51
Sept.	165.8r	1.3r	32.92	595r	100.1	4.45
Oct.	163.7	-1.3r	32.39	585r	98.0	4.39
Nov.	165.1	0.3	32.63	598r	102.0	4.33
Dec.	166.6r	1.8r	32.89	466r	107.8	n.a.
1991:						
Jan.	164.6r	-0.8r	32.41r	499r	106.2	n.a.
Feb.	167.6r	2.5r	32.64r	517r	118.4	n.a.
Mar.	167.3r	1.8r	32.60r	438r	120.4	n.a.
Apr.	168.1	2.5	32.46	545	124.1	n.a.

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index* (1967-100)	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982$, ann. rate)	Services Labor Income (bil. 1982-84$ ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1990:						
Jan.	190.3	2.1	1942.4	1318.8	697.2	114.6
Feb.	190.6	2.1	1943.7	1323.2	698.1	114.6
Mar.	191.3	2.4	1946.6	1330.5	702.6	114.9
Apr.	192.1	2.8	1949.6	1336.9	706.6	115.5
May	191.9	2.3	1952.5	1336.6	705.7	115.0
June	192.9	2.8	1957.4	1349.1	707.6	115.8
July	192.8	2.2	1962.4	1347.7	707.2	115.6
Aug.	192.8	1.9	1967.3	1351.5	704.8	115.2
Sept.	193.4	2.1	1971.8	1353.2	706.4	116.3
Oct.	191.5	0.0	1976.2	1351.3	689.6	114.4
Nov.	192.4	0.7	1980.7	1353.1	696.1	115.2
Dec.	193.8r	1.8r	1984.9r	1365.8	702.3	116.0
1991:						
Jan.	192.3r	0.1	1989.2r	1363.5r	691.1	114.4r
Feb.	192.5r	0.2r	1993.4r	1362.2r	691.0	114.9r
Mar.	193.2	0.7	n.a.	1374.4r	695.0r	114.5
Apr.	193.1	0.4	n.a.	1381.2	692.3	114.1

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months.

r = revised.

Sources: 3. Bureau of Labor Statistics, Production and non-supervisory workers.

4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adjusted by CIBCR.

5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.

6. This quarterly series is (1) corporate profits with inventory valuation and without capital consumption adjustments for transportation and public utilities, wholesale and retail trade, finance, insurance and real estate, and services, divided by (2) gross national product for services, both in current dollars as compiled by the Department of Commerce. Quarterly data are interpolated by CIBCR.

9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.

11. Bureau of Labor Statistics. Payroll index, 1977 = 100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.

12. Bureau of Labor Statistics, all employees.

*©1991 Center for International Business Cycle Research (CIBCR)